

**UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.¹

PROMESA

Title III

No. 17 BK 3283-LTS

(Jointly Administered)

**UPDATED JOINT STATUS REPORT OF MOVANT AMBAC ASSURANCE
CORPORATION AND RESPONDENTS THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO, AS REPRESENTATIVE OF THE
COMMONWEALTH OF PUERTO RICO, AND THE PUERTO RICO FISCAL
AGENCY AND FINANCIAL ADVISORY AUTHORITY WITH RESPECT TO THE
RULE 2004 MOTIONS**

¹ The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); and (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17 BK 4780- LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 19-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801).

To the Honorable United States Magistrate Judge Judith Gail Dein:

Movant Ambac Assurance Corporation (“Ambac”) and Respondents the Financial Oversight and Management Board for Puerto Rico (“Oversight Board”), as representative of the Commonwealth of Puerto Rico (“Commonwealth” or “Debtor”) pursuant to section 315(b) of the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”), and the Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF,” and together with the Oversight Board, the “Government Parties”),² respectfully submit this Updated Joint Status Report in response to the Court orders dated January 23, 2020 (Dkt. No. 10332) and February 6, 2020 (Dkt. No. 10727).

I. STATUS UPDATE REGARDING AMBAC’S RULE 2004 REQUESTS

1. On October 28, 2019, Ambac filed *Ambac Assurance Corporation’s Motion for Entry of Order Authorizing Discovery Under Bankruptcy Rule 2004 Concerning Commonwealth Assets* (Dkt. No. 9022) (the “Assets Motion”), and *Ambac Assurance Corporation’s Motion for Entry of Order Authorizing Discovery Under Bankruptcy Rule 2004 Concerning Commonwealth Cash Restriction Analysis* (Dkt. No. 9023) (the “Cash Motion,” and together with the Assets Motion, the “Rule 2004 Motions”).

2. On November 8, 2019, the Government Parties filed the *Urgent Motion of Financial Oversight and Management Board for Puerto Rico and Puerto Rico Fiscal Agency and Financial Advisory Authority to Strike (A) Ambac Assurance Corporation’s Motion for Entry of Order Authorizing Discovery Under Bankruptcy Rule 2004 Concerning Commonwealth Assets [ECF No. 9022] and (B) Ambac Assurance Corporation’s Motion for Entry of Order Authorizing*

² Ambac and the Government Parties are collectively referred to as the “Parties.”

Discovery Under Bankruptcy Rule 2004 Concerning Commonwealth Cash Restriction Analysis [ECF No. 9023] and for Sanctions (Dkt. No. 9131) (the “Motion to Strike”).

3. On January 23, 2020, Judge Swain issued a memorandum order denying the Motion to Strike (Dkt. No. 10332) (the “Memorandum Order”). The Memorandum Order directed the parties to meet and confer by February 3, 2020 concerning the scope and mechanics of discovery responsive to the Rule 2004 Motions. *Id.* at 9.

4. On February 12, 2020, the parties filed *Joint Status Report of Movant Ambac Assurance Corporation and Respondents the Financial Oversight and Management Board for Puerto Rico, as Representative of the Commonwealth of Puerto Rico, and the Puerto Rico Fiscal Agency and Financial Advisory Authority with Respect to the Rule 2004 Motions* (Dkt. No. 10875) (the “February 12 Joint Status Report”), detailing their February 3, 2020 telephonic conference, following communications, and agreed parameters for the resolution of disputed aspects of the Rule 2004 Motions. The Parties incorporate herein the procedural background set forth in the February 12 Joint Status Report.³

5. The Parties agreed in the February 12 Joint Status Report to file this Updated Joint Status Report “regarding the progress of the Parties’ continued meet and confer efforts.” *Id.* at 4.

6. On February 24, 2020, AAFAF sent to Ambac a letter (attached as Exhibit A) detailing AAFAF’s present positions with respect to Ambac’s Prioritized Requests relating to the Assets Motion, as set forth in Ambac’s February 4 Letter. And on February 25, 2020, the Oversight Board sent to Ambac a letter (attached as Exhibit B) detailing the Oversight Board’s present positions with respect to Ambac’s Prioritized Requests relating to the Cash Motion.

³ Unless otherwise noted, capitalized terms herein shall have the meaning ascribed to them in the February 12 Joint Status Report.

7. On February 25, 2020, the Parties met and conferred by telephone. The Government Parties agreed to produce certain non-privileged materials that Ambac has requested, including documents relating to the Duff & Phelps cash restriction analysis (Prioritized Cash Requests 1 and 2) and the 23 properties identified as sold in the August 2019 HTA Report (Prioritized Assets Request 2), as well as a list of transactions approved by the Real Property Valuation and Disposal Committee (Prioritized Assets Request 3). The Government Parties agreed to target mid-March to begin production of the cash restriction analysis documents, to produce information Ambac has requested regarding the 23 properties as soon as practicable, and to produce the list of transactions promptly upon entry of a protective order. The Government Parties provided Ambac with a draft of a proposed protective order on February 25, 2020.

8. The Parties discussed several other requests. The Government Parties agreed to confer with their respective clients to determine what additional information may be provided in response to Prioritized Asset Requests 1, 3, and 4 and the Prioritized Cash Requests. Ambac intends to review the material that the Government Parties have agreed to produce before determining whether additional discovery is necessary. The Parties have agreed to have another meet-and-confer no later than March 12, 2020 to further discuss the outstanding issues in the hopes of narrowing or resolving areas of dispute.

9. The Parties would propose to submit an updated status report to the Court on **March 20, 2020**.

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Dated: February 26, 2020
San Juan, Puerto Rico

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CERTIFICATE OF SERVICE

I hereby certify that on this same date a true and exact copy of this notice was filed with the Clerk of Court using the CM/ECF system, which will notify a copy to counsel of record.

s/ Roberto A. Cámara-Fuertes
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